



# The Americas Update

July 2003

## Export News

**Argentina-** Argentina's economy is expected to grow between 5 and 5.5 percent in 2003 according to Economy Minister Roberto Lavagna who was one of the few top officials to accompany President Nestor Kirchner on his visit to the United States. The previous forecast was 4.5 to 5 percent.

"We've modified GDP growth estimates for this year taking it to 5.5 percent because all indicators, physical production, number of jobs, hours worked and confidence level unanimously point upwards", indicated Minister of Economy Lavagna. "What was previously a ceiling is now the floor", said the Minister on responding to Sunday Buenos Aires press reports regarding taxes and the budget. On July 20, 2003 Buenos Aires newspapers published that government expenditure should drop or revenue increase (taxes) if the 2004 budget surplus target of 2.5 percent of GDP was to be attained, and projected that the growth rate for 2004 would stabilize in 4.5 percent, down from 4.9 percent in 2003. Media reports also indicated that the 2004 budget was being drafted on the assumption of an annual inflation of 10 percent and a 4 percent revaluation of the Argentine currency. Another contentious issue, the elimination of taxes on exports and bank current accounts, as demanded by the International Monetary Fund (IMF), was rejected by Mr. Lavagna.

The Argentine Minister stressed that the first six months of 2003 ended with a budget surplus of 4.9 billion pesos, well above the 4.5 billion pesos agreed with the IMF, notwithstanding the financial assistance granted to Santa Fe province because of the disastrous floods during May and June.

However, other Cabinet members admitted that the government was working to avoid economic recovery slowing into a "plateau". Interior Minister Anibal Fernández said, in a radio interview, "we're trying to avoid a plateau since the economy is growing strongly and for this we must emphasize on short term expectations". (IMI 7/03)

(Source: [MercoPress](#))

**Brazil-** Despite economic challenges, the Brazilian pet food and accessories market is expected to have a projected average annual real growth rate of 6.7 percent for the next two years. Local manufacturers are undertaking strong marketing campaigns that are changing the behavior of pet owners. Pet owners are becoming aware of the importance of treating pets properly and are beginning to do so by purchasing quality products at reasonable prices. (IMI 7/03)

**Canada-** The Ontario Government has announced an ambitious alternative energy plan that will establish the province as the Canadian leader in clean energy production. By legislating a Green Power Standard, the government will reserve about 8 percent (3,000 megawatts) of its electricity purchases for renewable energy sources by 2015. This initiative provides various market opportunities for U.S. renewable energy generators and manufacturers of wind, water and biomass equipment and technologies. (IMI 7/03)

**Dominican Republic-** Hotels, bars and restaurants constitute one of the leading growth sectors in the Dominican economy this trimester as published by the Central Bank of the Dominican Republic. Tourism activity, as a percentage of the Gross Domestic Product registered an increase of 28.8 percent during the first trimester of 2003 when compared to the first trimester of 2002.

Industry sources contacted are optimistic that since tourism is picking up, after the aftermath of the Sept. 11 terrorist attacks, purchases of hotel and restaurant equipment and supplies will maintain 2002 levels or increase in by 5 to 10 percent if the exchange rate situation improves in the next months.

Purchases from the U.S. represent 50 percent of all imports, accounting for approximately US\$7.5 million in 2002, and it is expected to continue at the same level in 2003. (ISA 7/03)

**Mexico-** Mexico's packaging equipment market, including the market for imports and for local manufactures, has been growing slowly due to the country's lackluster economic performance over the last several years. The market has only recently regained 2000 levels after a two-year downturn. Nonetheless, Mexico continues to be the fourth most important market for U.S. exports of packaging

machinery, according to the Packaging Machinery Manufacturers Institute (PMMI).

A recent Mexican congressional study shows that the packaging sector is very important to the Mexican economy as it makes up 1.16% of national GDP and 10.3% of manufacturing GDP.

With an import market share of 29.6%, U.S. manufactured packaging machinery exports equal more than \$480 million dollars a year. Competitors include Italy, with a market share of 30%, and Germany, with 18.6% of the total Mexican market. While Germany's market share has been increasing by 1% a year, U.S. exports are stuck at 1999 market share levels. However, European competition may weaken due to the rising value of the euro, which makes European imports more expensive. (Valued at 1 euro to 9 pesos in 2000, the peso has devalued to 1 euro to 12 pesos in 2003.) (ISA 7/03)

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## **Trade Events**

### **Expo USA 2003**

Expo USA 2003 is the venue for U.S. firms to explore market opportunities in the **Dominican Republic**. Through this event, participating companies may contact potential agents, distributors and end-users. Expo USA offers US companies an excellent forum to test market demand or expand market share with an exposure to more than 5,000 local visitors.

This trade fair will take place **September 18-20, 2003** in the Dominican Republic. It will cost \$1500 to attend.

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### **Used Equipment Catalog Show**

CS Lima, **Peru** will organize a Used Equipment Catalog Show at the US Embassy - Commercial Library in November 2003. This show will include catalogs from a variety of used and refurbished equipment companies interested in establishing a market presence in Peru. There are no quantifiable data or trade statistics available from Peru that describes the used equipment sector's size. However, there is a strong niche for U.S. remanufactured

machinery in a number of sectors. In lieu of importing new or state-of-the art technologies, many companies purchase reconditioned or remanufactured equipment for many industries including food processing and packaging equipment, agricultural machinery, textile machinery and construction/mining equipment. This catalog show will be in exhibition for 30 days.

The venue for this show will be the US Embassy's Commercial Library in Lima. It will be held **November 8-29, 2003**, and the cost will be \$250.

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### **Mexico Boat Show - American Products Literature & Sample Center**

**Mexico** is now the second largest destination for American-made boats, totaling \$52 million worth in 2002. Mexico has a growing middle class and a large tourist trade that should continue to spur boat sales to that country. This show was recently moved from the west coast of Mexico to Mexico City with great success, according to many American manufacturers already selling in Mexico. The U.S. Commerce Department's Office of Consumer Goods will operate an American Products Literature & Sample Display Center -- a low-cost alternative for small and mid-sized companies that cannot afford to be there in person but still want to explore opportunities for exports to the Mexican market. The Commerce Department will register all business visitors in the Center and send their names and contact information back to the participating U.S. companies after the show.

The cost of this catalog event is \$500. Its date is set for **November 13-16, 2003** at CENTRO BANAMEX, Hipodromo de las Americas.

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## **Useful Websites**

International business-to-business resources  
<http://www.importexporthelp.com>

The Catalog of Federal Domestic Assistance  
<http://www.cfda.gov>